



An Energy-Efficiency Workshop and Exposition
Orlando, Florida

Alternative Financing Track ***"Financiers' Perspective"***

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Setting Interest Rates

- **Spread to U.S. Treasuries**
 - Term
 - Amount
 - Project Risk
 - Contractor Risk
 - Contract Terms



Investment Considerations

▪ Lender Investment Alternatives

- Amortization
- Prepayment risk
- Liquidity
- Size



Lowering Interest Rates

- No offset or fully stipulated savings
- Prepayment penalty or defeasance
- Procedure for contractor substitution
- Develop cost effective performance bond or credit enhancement
- No partial prepayments
- Ensure prompt payments



Recent Transactions

- No Offset Pricing vs. Stipulated Pricing
- Financing a foreign currency transaction
- Refinancing of existing contract to add DO's



The Future

- Rising Interest Rates
- Changes in ESCO Industry
- New Accounting Rules
- BRAC; VA closures; Privatization policies